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COMMITTEES

15 June 1954

MEMORANDUM FOR MR. DULLES

SUBJECT: NSC Planning Board Report on US Security Export Controls

1. The Planning Board paper deals with the problem of the degree and timing of the modification of the US controls on exports to the European Soviet Bloc in the light of the reduced level of international controls contemplated in the current COCOM list review in Paris.

2. NSC 152/3 provided for a "gradual and moderate relaxation" of US controls over exports to the European Soviet Bloc, and envisaged a reduction in the disparity between the level of internationally agreed controls and the more stringent US controls. At the same time, however, NSC 152/3 called for the control of exports from the US for the purpose of avoiding a significant contribution to the Soviet Bloc war potential.

3. The paper deals with three major alternatives with regard to US export control policy towards the European Soviet Bloc.

a. Maintain US controls over only those strategic commodities agreed for international control in COCOM.

b. Maintain US controls as in a above, plus (1) additional strategic commodities which could be effectively controlled from the United States alone, and (2) commodities, whether strategic or not, which present special political problems for the United States (e.g., scrap, petroleum).

c. Maintain US controls as in b above, plus any other strategic commodities, the shipment of which should be controlled to prevent the United States from being the source, even though such commodities are readily available to the European Soviet Bloc from other free world sources.

d. The first alternative is rejected by the Planning Board primarily on the ground that such a course of action would permit US shipments to the Soviet Bloc of commodities which the US now regards or may in the future regard as having strategic significance to the Soviet Bloc. It is also rejected on the likely assumption that such

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a policy would meet with considerable public and Congressional opposition.

5. The Planning Board recommends that the NSC choose between the second and third alternatives and suggests changes in NSC 152/3 which would be required if either alternative is selected.

6. From the intelligence point of view, in the light of anticipated COCOM action to reduce the level of international controls, the possible increase in US contributions to the war potential of the Soviet Bloc by adoption of either of the two recommended alternatives would not be significant, although certain limited advantages would accrue to the Bloc as a result of this action. The principal effects would be to enable the Soviets to acquire from the US certain products of better quality than would be available from other countries and in many instances at lower prices. Also, on certain items, US firms might be able to assure the Bloc better delivery dates than other sources of supply.

7. Of particular significance is the Planning Board's recommendation that in the US interest there should be no announcement or implementation of a relaxation of international, and subsequently US, controls until the situation with respect to Indochina becomes more clear. The latter recommendation is not inconsistent with NSC 152/3 which was based in part on the assumption of a reduction in international tensions. It should be pointed out, as you stated in the NSC on 11 March 1954, that the contemplated reduction in controls on exports to the European Soviet Bloc would result inevitably in indirect shipments to Communist China through the European Bloc, partially negating Western controls on trade with Communist China.

8. There is attached to the NSC document an information paper reporting on the items on which agreement for control is lacking in COCOM. The paper recommends that the US select a "hard core" list of items in the disagreed category as a basis for a final US negotiating effort. CIA has provided direct intelligence support to the US negotiations on these items. Preparation for the final negotiations will not involve the presentation of significant additional intelligence but rather will involve mustering all possible arguments including intelligence previously submitted.

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